

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: NEIL PRICE
DEPUTY ATTORNEY GENERAL**

DATE: MARCH 21, 2013

**SUBJECT: ROCKY MOUNTAIN POWER'S APPLICATION TO CHANGE THE
DEPRECIATION RATES APPLICABLE TO ITS ELECTRIC
PROPERTY, CASE NO. PAC-E-13-02**

On January 22, 2013, PacifiCorp dba Rocky Mountain Power ("RMP" or "Company") submitted an Application seeking a Commission Order, pursuant to *Idaho Code* § 61-525 and Commission Rule 52, for approval of proposed changes to depreciation rates applicable to RMP's depreciable electric plant. The Company proposes January 1, 2014, as an effective date for the proposed changes.

APPLICATION

In its Application, RMP states that as a public utility operating under the Commission's jurisdiction its depreciation accounts must comply with the rates previously determined by the Commission. The Company mentions that its last depreciation application, Case No. PAC-E-07-14, was filed on August 31, 2007, *see* Order No. 30499, with rates effective January 1, 2008.

The Company has performed an updated depreciation study ("Depreciation Study") and requests authorization to implement the depreciation rates set forth in the Exhibit No. 3 to its Application. The Depreciation Study has identified changes that have occurred since the Company's last depreciation study, measured the effect of the changes on the prudent recovery of presently surviving capital, and is proposing revisions to the depreciation rates. The results of the Depreciation Study suggest an increase in annual depreciation expense of approximately \$83.9 million (\$160.8 million including the accelerated depreciation associated with early

retirement of the Carbon plant) on a total Company basis, based on projected plant balances as of December 31, 2013.

RMP states that its proposed changes would result in an estimated increase to the Idaho jurisdictional depreciation expense of approximately \$4.5 million (\$8.9 million including the early retirement of the Carbon plant) beginning January 1, 2014.

RMP remarked that in order to maintain consistent depreciation rates across its six jurisdiction/service territories; the Company filed the Depreciation Study in Oregon, Utah, Wyoming, and Washington. In support of its Application, the Company attached the direct testimony of Henry E. Lay, Corporate Controller of PacifiCorp; John J. Spanos, Senior Vice President of Gannett Fleming, Inc.; and K. Ian Andrews, Manager of Resource Development for PacifiCorp.

STAFF RECOMMENDATION

Staff has conducted an initial review of the Application and has been in communication with the Company regarding a collaborative process to include all interested stakeholders potentially affected by the Application. Staff recommends that the Commission issue a Notice of Application and Intervention Deadline. Thereafter, Staff will issue a Notice of Public Workshop to include all interested parties.

COMMISSION DECISION

Does the Commission wish to process RMP's Application through Modified Procedure with a Notice of Application and Intervention Deadline?



Neil Price
Deputy Attorney General

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